

Re-assignment of Beneficiaries Who Have the Low Income Subsidy

Overview

In the fall of 2008, CMS will re-assign low-income beneficiaries with the full premium subsidy to new Medicare Prescription Drug Plans (PDPs), effective January 1, 2009. Re-assignments will be for individuals who are currently in a plan that, in 2009, will no longer have premiums below the regional low-income subsidy (LIS) amount, resulting in a premium liability for the beneficiary. CMS will also reassign LIS beneficiaries that are in plans terminating (leaving the Medicare system) or changing from a standard benefit to an enhanced benefit.

Re-assignment of LIS Beneficiaries Due to Premium Increases

In general, CMS will re-assign LIS beneficiaries with full premium subsidy, who were auto or facilitated enrolled into a PDP¹ whose premium in 2009 no longer falls within the premium subsidy limit. These individuals will be randomly re-assigned to plans in their region with a premium at or below the regional premium subsidy amount.

- If the company (sponsor organization) offering a person's current drug plan offers another PDP in the region that has premiums at or below the regional low-income premium subsidy amount, Medicare will reassign the person to that plan.
- If the company (sponsor organization) offering a person's current drug plan **doesn't** offer another PDP in the region that has premiums at or below the regional low-income premium subsidy amount, Medicare will randomly assign the person to another plan in the region that has premiums below the regional low-income premium subsidy amount.
- Remember, Medicare will not enroll people into PDPs that are sponsored by employers or that have enhanced benefit packages. Medicare will also not enroll beneficiaries who live in the territories.

People Who Will Not Be Re-assigned

- Re-assignments due to premium changes are limited to LIS beneficiaries who are currently enrolled in the PDP to which CMS originally enrolled them and they receive 100% premium subsidy. Thus, if the beneficiary subsequently elected a different plan, also known as a "chooser", CMS will respect that choice and will not re-assign the individual. Individuals will be notified by CMS on tan paper. The letter will inform each beneficiary of their new premium amount and that CMS will not move them. Letters will also provide beneficiaries with a listing of \$0 premium plans in their region in which they can enroll. They will receive their current plans' Annual Notice of Change document with the new premium liability amount.

¹ A prescription drug plan (PDP) is an organization that provides prescription drugs as determined by its plan benefit package (PBP). A sponsor organization is an entity that sponsors a prescription drug plan and is represented at the contract number level. A parent organization is an umbrella organization that owns one or more sponsor organization.

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- Beneficiaries who were enrolled in a plan by authorized representatives such as State Pharmaceutical Assistance Programs (SPAPs) will not be re-assigned because the actions of the SPAPs are treated as beneficiary elections.
- Beneficiaries who are losing their LIS status for 2009 will not be re-assigned. CMS notifies beneficiaries that they no longer automatically qualify for the LIS.

Changes to Reduce Yearly Plan Reassignments

CMS is trying to minimize the number of beneficiaries who will need to be re-assigned. To this end, CMS published a final rule on April 8, 2008 that changes the way Medicare calculates the regional low-income subsidy benchmarks. The LIS benchmarks, in most cases, reflect the amount of a plan's premium that will be paid by the Federal government through the low-income subsidy.

Under the final rule, these benchmarks are weighted based on each plan's share of enrollees receiving the low-income subsidy, rather than their share of total Part D enrollment. This increases the benchmark and decreases the number of reassignments in most regions as compared to the prior regulatory approach.

Notification to Beneficiaries

Medicare will mail re-assignment and chooser notices to beneficiaries by early November on blue and tan papers, respectively.

The notices will tell beneficiaries the name of their current plan, their premium liability if they stay there, the plan to which they will be re-assigned, how to stay in their current PDP, and how to join a new plan. The notice will also include a list of plans in the region with premiums at or below the regional low-income premium subsidy amount and their telephone numbers.

If people who get these notices do nothing (i.e.—people don't tell their current plan that they want to stay or join a new plan on their own by December 31, 2008), coverage in their new plan will begin effective January 1, 2009.

Early Enrollment is Key

We urge you to encourage people to explore their options no later than December 10th. If beneficiaries want to switch plans on their own, they should do so as early as possible during the open enrollment period so their new Medicare drug plan has time to mail a membership card, acknowledgement letter, and welcome package before the new coverage becomes effective on January 1, 2009. This way, even if they go to the pharmacy on the first day their new coverage begins, they can get their prescriptions filled without delay.

Key Dates

Key dates surrounding enrollment are outlined below:

- **October 12-14:** CMS sends plans and states the list of beneficiaries to be reassigned
- **End of October - Early November:** CMS sends notice to LIS beneficiaries who need reassignment and who are choosers.

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- **November 15:** Annual open enrollment period begins, in which beneficiaries may change from the plan into which they've been re-assigned or to enroll in a different plan
- **December 10:** Date by which all beneficiaries and authorized representatives who wish to change plans for 2009 should select their new plan to ensure that their plan application has been processed and they have their new plan card by January 1, 2009
- **December 31, 2008:** The official end date of the annual open enrollment period and last day for beneficiaries to change plan reassignment. It is important to remember that enrollments require time to process through CMS and plan systems, so enrollments made late in December may not yet be in place in pharmacy systems on January 1, 2009
- **January 1, 2009:** Effective date of all 2009 enrollments and plan reassignments for LIS beneficiaries who need reassignment